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Sustainable Sourcing Policy

Introduction

Tractors and Farm Equipment Limited's (TAFE) aims to drive sustainable procurement of materials and services by encompassing environmental, social and governance responsibilities in its supply chain.

This Sustainable Sourcing Policy (herein referred to as "Policy") emphasizes adherence to TAFE's Supplier's Code of Conduct across its supply chain.

TAFE encourages its supply chain partners as per relevant supplier segments to adopt best practices aimed at minimising the overall environmental footprint.

Objective

The Policy aims to integrate environmental, social, and governance considerations into TAFE's procurement processes to promote responsible sourcing practices, reduce environmental impact, and ensure long-term business sustainability. This policy applies to all TAFE manufacturing units, and their offices.

Suppliers include vendors, service providers, subcontractors, consultants, business partners, and associates that supply goods or services to TAFE.

Implementation

TAFE expects Stakeholders to adhere to TAFE's Sustainable Procurement Policy and Supplier Code of Conduct. Specifically, TAFE emphasizes the following expectations

- Environmental and climate action
- Labor standards and human rights
- Preferential procurement
- Ethical business practices
- Compliance & risk management

TAFE evaluates its Suppliers based on sustainability criteria as an integral component of the annual Supplier performance assessment.



1. Environmental and Climate Action

TAFE views environmental protection as fundamental to building a sustainable future. This involves integrating robust environmental practices throughout the supply chain. For this, TAFE:

- Has appropriate provisions in the supplier selection and evaluation processes to promote environmental stewardship.
- Encourages the use of recycled materials and components in manufacturing processes where feasible.
- Requires Suppliers to comply with all applicable environmental regulations and standards.
- Expects Suppliers to achieve ISO 14001 Environmental Management Systems certification or its equivalent for the relevant supplier segments.
- Expects suppliers to use sustainable packaging solutions

Additional information on TAFE expectations from suppliers on environmental protection and climate action can be found in the Supplier Code of Conduct.

2. Labor standards & human rights

At TAFE, the well-being and safety of all individuals within the extended network are important. Suppliers are responsible for ensuring their employees and contractors work in a safe and healthy environment. For this, TAFE:

- Ensures that all Suppliers uphold fair labor practices as per applicable standards and regulations.
- Encourages suppliers to promote diversity and offer equal opportunities for their stakeholders.
- Supports Suppliers that contribute positively through initiatives such as skills development, education, and healthcare.
- Expects Suppliers to attain ISO 45001 Occupational Health & Safety or its equivalent for relevant supplier segments.

TAFE's Supplier Code of Conduct outlines our expectations in detail.

3. Ethical business conduct

Ethical business conduct is key to TAFE's commitment to fairness, transparency, and accountability in the supply chain. For this TAFE:

- Requires Suppliers to adhere to ethical business practices and conduct due diligence to ensure that their supply chains are free from unethical behavior.
- Prioritizes Suppliers that source materials responsibly.
- Integrates responsible business conduct-related clauses into Supplier contracts.



4. Compliance and Risk Management

In alignment with the dedication to transparency, TAFE actively monitors and assesses supplier compliance with the Supplier Code of Conduct. TAFE reserves the right to request documentation and conduct onsite audits, to ensure that Suppliers share TAFE's commitment to ethical and sustainable practices. For this, TAFE:

- Regularly evaluates and monitors Supplier ESG performance based on pre-defined sustainability criteria on an annual basis through our audits.
- Conducts risk assessments to identify and mitigate potential environmental, social, and ethical risks within the supply chain.
- Takes appropriate actions to address regulatory non-compliance and non-adherence to TAFE's Supplier Code of Conduct.
- Encourages open communication and collaboration with Suppliers including supplier training to identify opportunities for improvement and innovation.
- Ensures that all procurement activities comply with relevant laws, regulations, and industry standards.

Policy Governance

The heads of procurement functions monitor the execution of this Policy through appropriate review mechanisms.

Policy Review Mechanism

This Policy is reviewed periodically by the relevant stakeholders/department and may be amended or modified based on any subsequent changes to the applicable regulations or when deemed necessary to enhance our approach and commitment to sustainable sourcing.

Issuing Authority:



Swithun Manoharan
President – Supply Chain

